

Key Factors in Future International Migration

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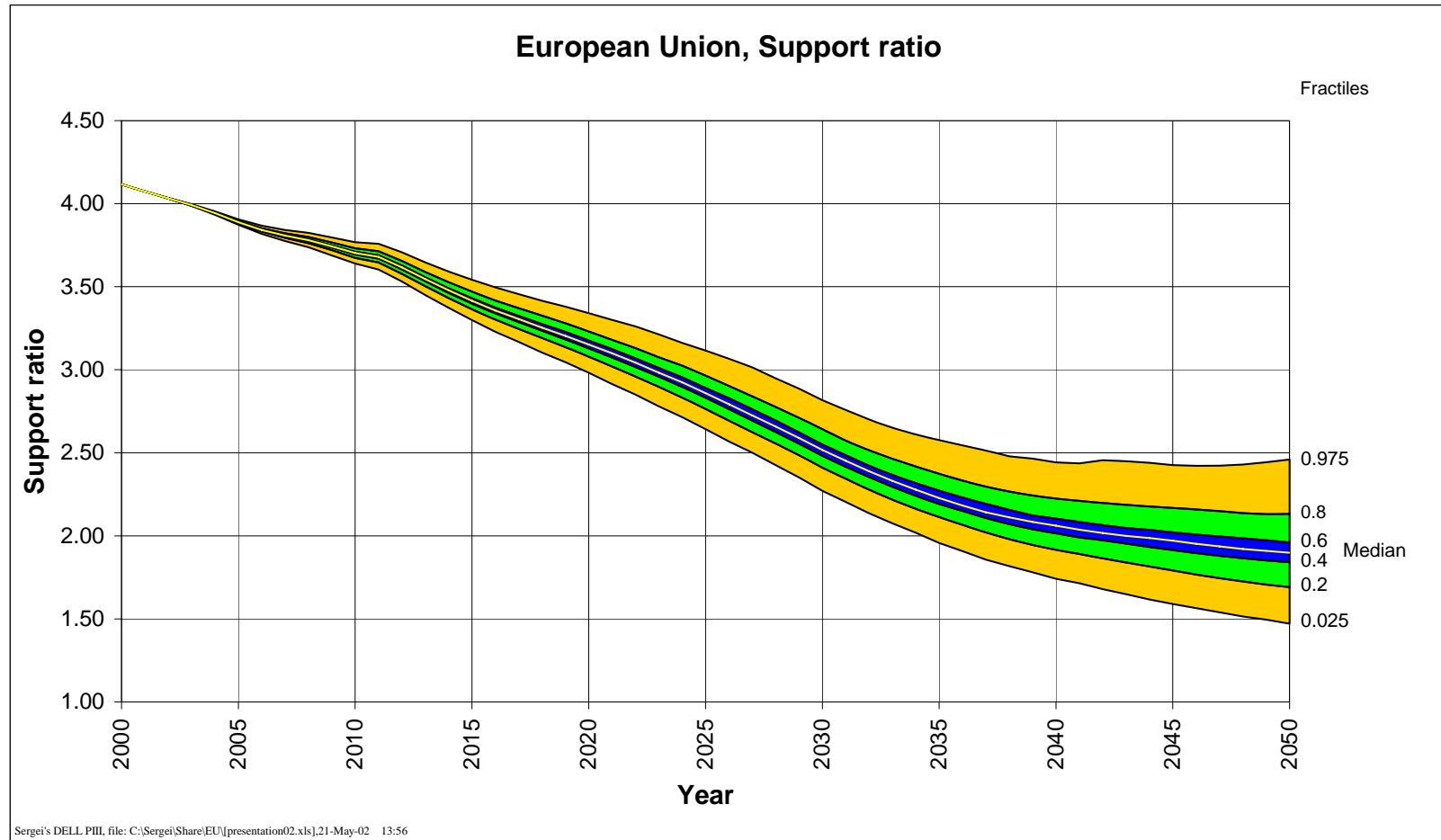


Outline

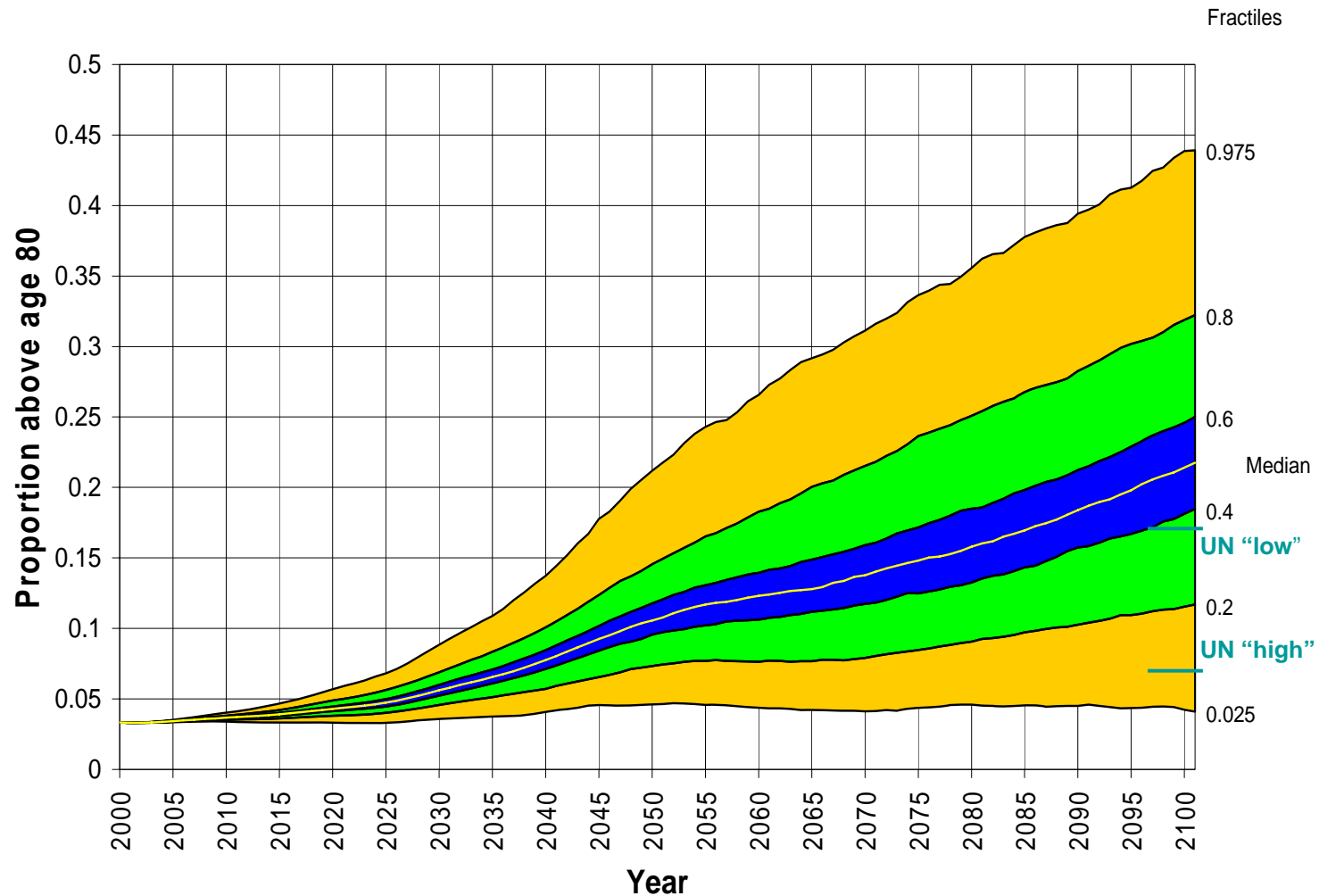
- Demographic uncertainties: We know more than nothing
- More immigrants versus higher fertility
- Long-term prospects for human capital: projecting population by age, sex and education
- Importance of policies: What forces shape national immigration policies
- The force of cultural identity in limiting migration
- Immigration and unemployment

The figure is a population pyramid for the European Union in 2050. The vertical axis represents Age (0 to 105) and the horizontal axis represents Population (millions) from 0.0 to 4.0. The pyramid is divided into two main sections: males on the left and females on the right. The population is shown for different birth cohorts, with the most recent cohort (2050) at the top and the earliest cohort (1945) at the bottom. The population is projected to be significantly larger for older age groups, particularly for females, indicating an aging population. The population for males is generally smaller than for females, especially in the older age groups. The population for females is projected to be significantly larger than for males in the older age groups, particularly for those born in the 1940s and 1950s.

Uncertainty Range of Future Support Ratio in the European Union 2000-2050

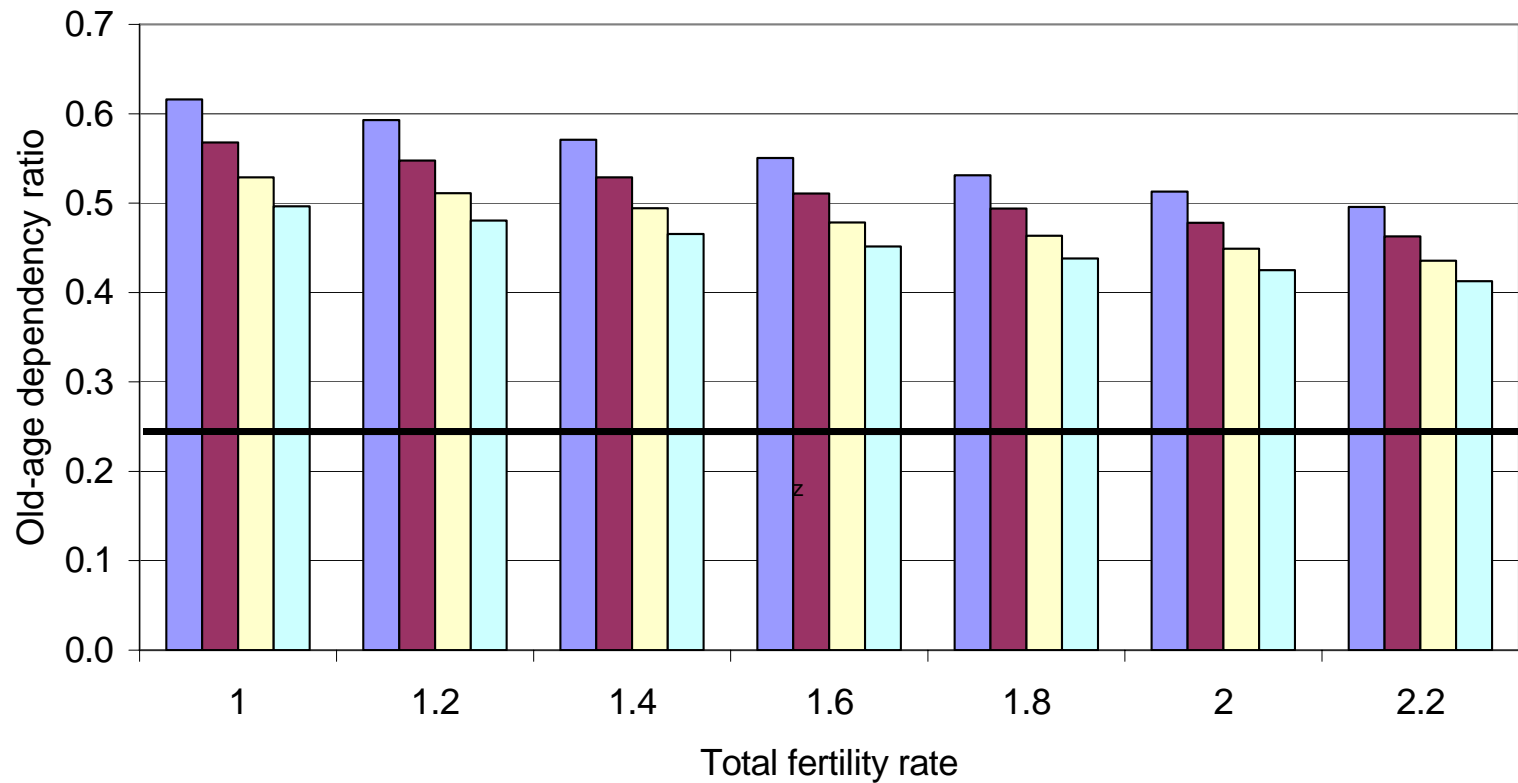


Western Europe, Uncertainty Distribution of Proportion above Age 80 (2000-2100)



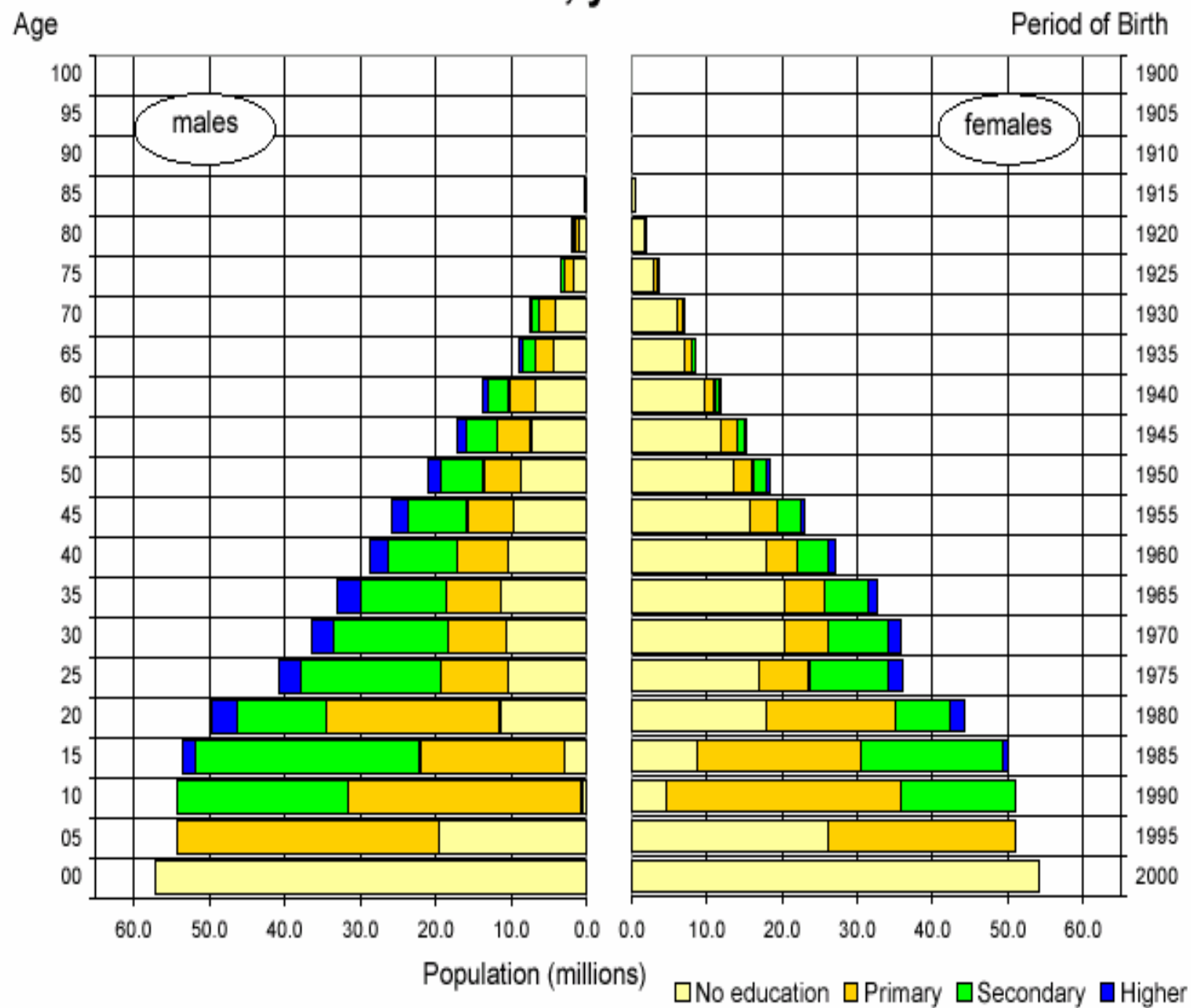
Can Migration Compensate for the Missing Births?

Alternative Projections of the Old Age Dependency Ratio for the EU-15 in 2050 based on different Fertility and Migration Assumptions (Black line gives the level in 2000)

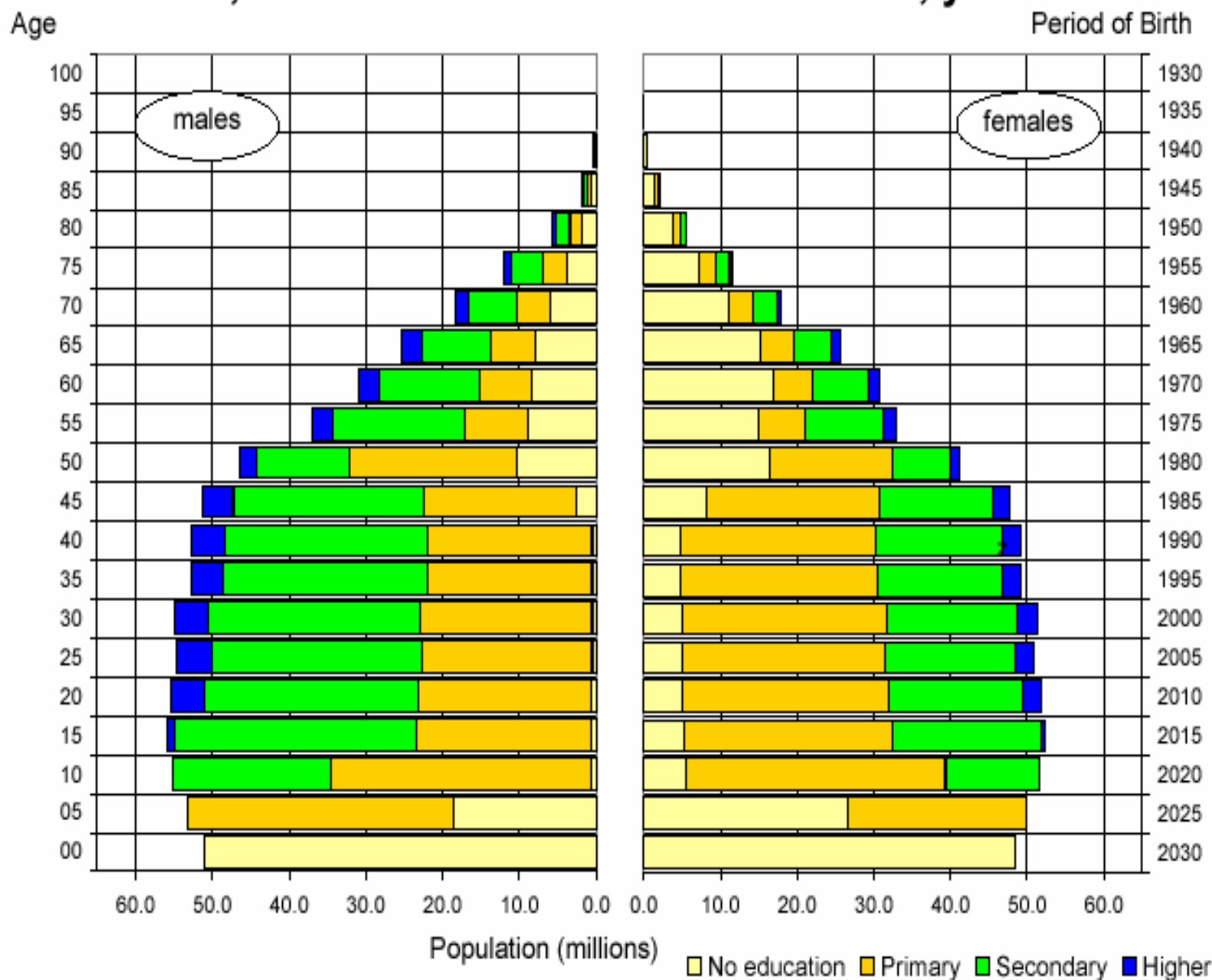


■ MIG=0
 ■ MIG=400,000
 ■ MIG=800,000
 ■ MIG=1,200,000
 — Year 2000

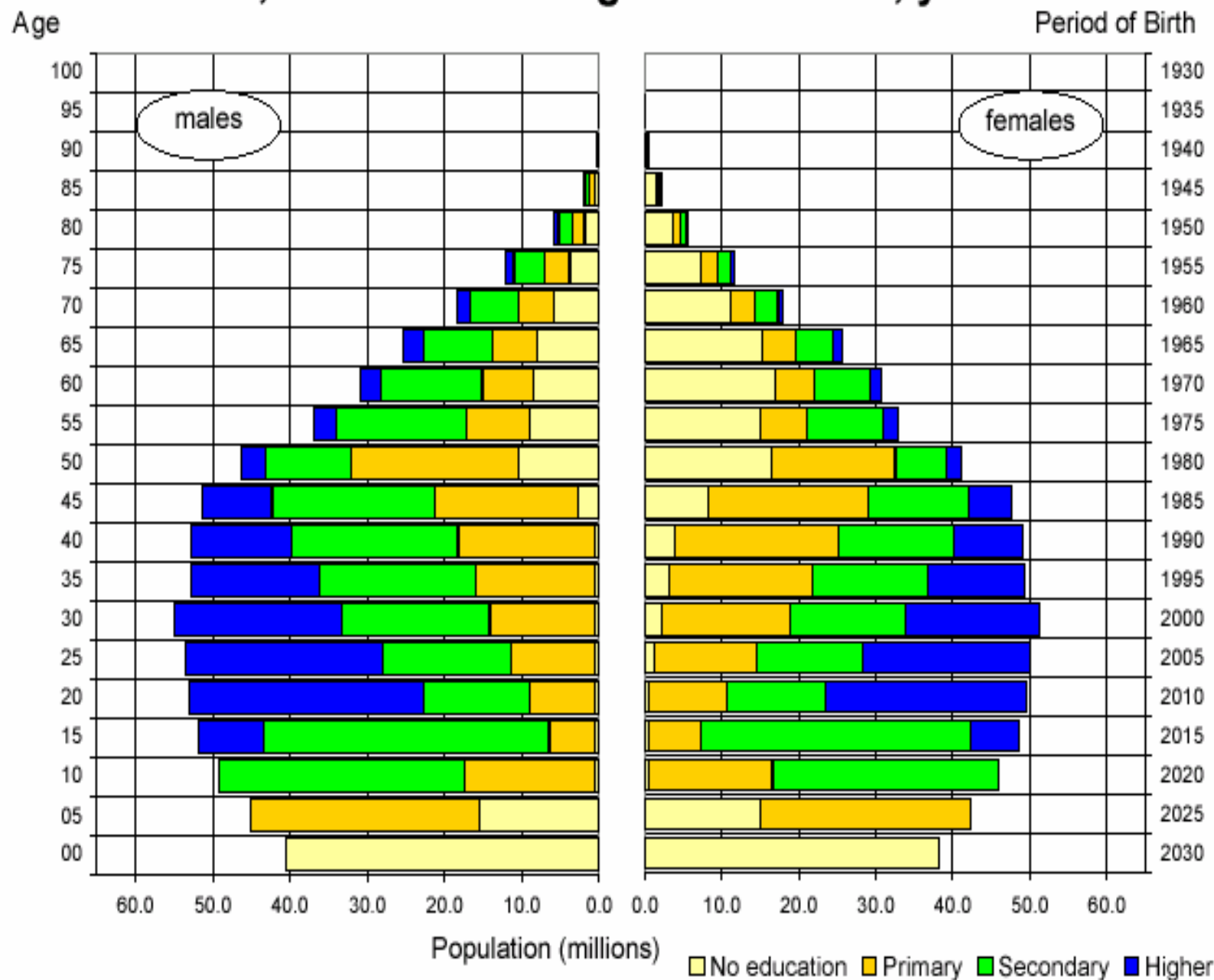
INDIA, year: 2000



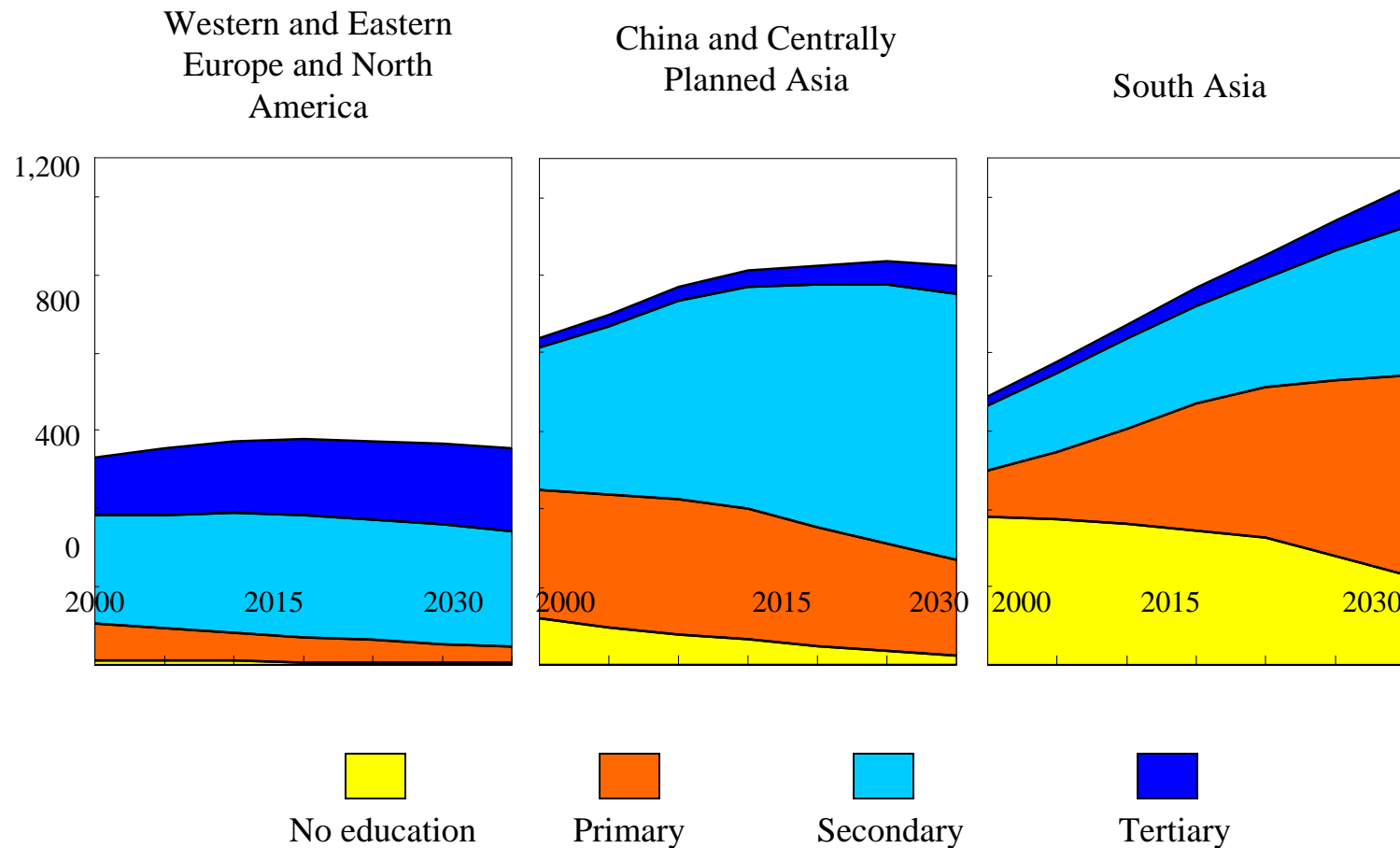
INDIA, Constant enrolment rate scenario, year: 2030



INDIA, ICPD education goals scenario, year: 2030



Estimated population aged 20-64 years (in millions) by levels of education, according to the “ICPD” scenario, 2000-30, in three economic mega-regions



Policies Matter: But Who Determines Migration Policy?

Diverging Interests in Receiving Countries

Three different dimensions tend to shape the process:

- A: Interest of employers/ customers of local services – they want cheap labor and high supply of labor – want more immigration
- B: Interest of workers – want higher wages, tight supply of labor (differs by skill) – want less immigration
- C: Interest in cultural homogeneity and preservation of national identity

Which of the forces dominate in politics and migration policy making ?

- Economic and political elites are often close to interests of employers (A)
- Middle class often has dual interests (A+B): Less competition for own employment, cheap availability of personal services
- For workers typically the interest in less competition/higher wages dominates (B)
- **Age pattern** of interests:
 - young adults looking for jobs should want less competition
 - young families should want cheap services
 - Older working adults want less competition
 - Retired persons want cheap services but also cultural homogeneity
- Interests by **level of education**: Typically the higher the education the less the competition through immigrants



Changes in the composition of these interest groups can shape national migration policy

National and cultural identity: A strong force in shaping national immigration policies

- One might expect that it is a stronger force for small nations / language groups who have to fear about their survival (e.g. Finland).
- For bigger nations it can be driven by rivalry/dominance (France-Germany).
- National/cultural identity can become an all dominating force that is more important than economic standing.

Example of Japan: Little to no immigration despite of most advanced population aging, high wages, highest degree of automation.

Robots instead of immigrants

This could also be the future in several European countries

Does rapid population aging necessarily lead to a **need** for more immigration ?

- The proportion of the population of conventional working age (20-60) is on the decline in many industrialized countries. Does this automatically lead to a “need” for immigrants to fill the “gap”, as is often claimed?

BUT:

- In Europe unemployment is still on the rise, particularly among young adults whose cohort size is already shrinking due to past low fertility (contradiction to Easterlin hypothesis).
- Unemployment is particularly high among the immigrants stock, typically twice the level of native born.
- Unemployment is clearly highest among the less educated.
- Why would Europe **now** need more of the same immigrants ?
- In 20 years, when the baby boom generation retires the situation may be different.
- **Even if there is no need for migrants today, the policy instruments should be in place to regulate more immigration when it may be needed.**